

**Exhibit 7:**

**Previously filed under seal as**

**Ex. 6 to N. Sugnet Declaration (Docket No. 129)**

---

**From:** Neuberger, Andrew (FID) <Andrew.Neuberger@morganstanley.com>  
**Sent:** Tuesday, October 24, 2006 4:10 PM  
**To:** Westerfield, John (FID); O'Brien, Charles C (CREDIT); Stern, Steven (FID)  
**Cc:** Goodman, Deborah (FID); Patten, Alison (FID); Groesbeck, Jonathan (FID); Shapiro, Steven (FID)  
**Subject:** New Century

New Century has requested a \$250 million sublimit under our existing \$3bn repo facility to finance delinquent loans that they have had to repurchase from whole loan buyers. As margins and profitability have tightened in this market over the past 6-9 months, subprime originators have seen whole loan buyers become stringent on an originator's repurchase obligations on loans that have gone delinquent within the first few months of sale. We have seen a rise in Early Pay Defaults (EPDs) with some originators but New Century has not had much of an increase going back to 2003 vintage.

Many of these loans are being traded at a deep discount, as originators with less equity and liquidity are forced to sell rather than try to work the loans out. New Century believes that with their servicing capabilities, they can bring many of these loans current and resell them at par or even a premium. New Century's performance through this difficult year has been excellent relative to its peers and has a strong equity base for this strategy.

Citibank and DB both provide New Century facilities to finance these delinquent loans. They have asked us to provide a line as we are their top relationship and they do need more liquidity as they will be holding these loans on their books longer. The line is priced at L+125 and has the following advance rates off of market value:

30-59 days delinquent- 90%  
60-89 days delinquent- 80%  
90-119 days delinquent- 75%  
120-270 days delinquent- 65%

All these loans will be marked by our desk. We are a regular buyer of this product. New Century has been the most important client for all of SPG in the subprime space. We are their biggest lender and biggest buyer of loans for over 3 years running. They are open about information and are great to work with on all fronts. I feel confident that we can manage this risk. Broker Price Opinions (BPOs) are reviewed to make sure the LTVs are in line. Our due diligence process is robust to handle this sublimit for a critical client of ours. SPG will continue to be awarded by this client for being flexible and helping them during this turbulent time in the market.

Please let me know your thoughts.

Thanks,  
Andy

